

COVID-19 Phase 2: Revolving Loan Fund (RLF) Best Practices

Below are best practices for current or developing Revolving Loan Funds (RLF.) Please consider the below suggestions to make your RLF a successful economic program within your community.

If you do not have an established RLF:

- Does establishing a Revolving Loan Fund program align with your mission?
- What is your primary goal for the program?
- Do you have the staffing and support capacity to manage a program?
- What area or type of businesses do you want to serve?
- How will you track program results?
- Will you develop a plan for sustainability?
- In regards to OCRA's Phase 2 COVID-19 Program – are you able to get all the necessary tasks done to be ready to start your revolving loan fund in 3 months' time?
- *Refer also to the best practices below...*

Best Practices

- *Selection Committee*
 - Do you have a team of 5-7 committed individuals who are from a diverse group?
 - **Who will be the representative from the program administrator, local unit of government, bank, accountant, attorney, chamber of commerce, main street organization, economic development organization, community foundation, university or SBDC?**
 - Do you have a primary administrator? Someone who can lead the team.
- *RLF Management*
 - Do you feel prepared to have this RLF be longstanding and prepped to last for other potential community crises? Is this program built to last?
 - Do your team have the capacity to continually review and go through the local award process?
 - Do you have a prepped loan application? If not, are you drafting one?
 - Do you have a MOU in place?
 - Do you have a Loan agreement in place?
 - Do you have an evaluation process that allows for unbiased review and equal opportunity?
 - Do you have a score sheet prepared?
 - Do you have loan guidelines in place?
 - Do you have good relationships with local and regional banks?
 - A sample of a loan committee meeting?
- *Financial Stability*
 - Do you have the public private partnership to keep the financial influx of this program moving?
- *Strategic Marketing Plan*
 - How do you plan on letting businesses know you are offering this program?
 - How do you plan long term to get businesses interested even when there is not of much as a need?

- How will you emphasize this to new entrepreneurs even after businesses close?

RLF Documents

- [Loan Application](#)
- [Loan Guidelines](#)
- MOU (Memorandum of Understanding) between RLF committee and community, county, etc.
- Loan Agreement: For the lender and community to agree to terms of the loans
- Score Sheet: For selection committee to use throughout the scoring and selection process
- Agenda or process for application reviews with the selection committee
- [Marketing Materials and Informational Materials](#)
- (For other materials or examples, please visit <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/edarlf.html>)

If you are interested in taking part in OCRA's [Hometown Business Preservation Initiative \(HBPI\) program](#) where you will be trained and walked through on how to build your Revolving Loan Fund, please reach out to your [Community Liaison](#) for more information.